

The American Observer

A free, virtuous, and enlightened people must know well the great principles and causes on which their happiness depends. -- James Monroe

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Congress Ready For Action On Taxation

Senate Finance Committee Puts Finishing Touches on Bill to Raise More Billions

WAR COSTS ARE STAGGERING

In Addition to Raising Revenue, New Measure Is Designed to Check Inflationary Trend

Last week the Senate Finance Committee was busy putting the final touches on the tax bill. It has been working on the measure for six months, during which time every conceivable type of tax has been brought up and debated back and forth. Increased income taxes on individuals and corporations, sales taxes, spending taxes, withholding taxes, pay-as-you-go taxes, "Victory" taxes, and many others have been brought forward. So many different types of taxes have been proposed and debated that the senators themselves, as well as the general public, find themselves bewildered by what has been properly called the "tax muddle."

What the final tax bill will look like when it is enacted into law by the Senate and the House of Representatives is anyone's guess. Certainly the final measure will differ drastically from the bill which was passed by the House three months ago. That measure, which provided for the addition of some \$6,000,000,000 in new taxes to the already heavy burden, fell short of the amount which the Treasury requested. The Senate Committee has attempted to make up the difference by finding new sources of revenue.

Two Main Purposes

No subject concerns the American people more directly than taxation and no problem is of greater importance to the national welfare. For a taxation bill has two vital purposes. It serves first to raise as much revenue as possible to defray the expenses of the war which, according to the President in his Labor Day fireside chat, will amount to \$100,000,000,000 in 1943. The second purpose is to check inflation. Taxation, more than any other single means, can act as a brake upon inflation or rising prices. Thus, in considering tax measures, Congress has taken these two objectives into account.

So far as the need for revenue is concerned, little need be said. The cost of the present war is so great as to stagger the imagination. Already authorizations have been made, since the fall of France, for the expenditure of more than \$200,000,000,000. It is conservatively estimated that before the war is over, we shall have spent \$350,000,000,000, and the cost may be considerably higher.

If we spend \$100,000,000,000 in 1943, as the President indicated, war expenses will run at the rate of nearly \$300,000,000 a day, or \$12,500,000 an hour every hour of the

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Slogan for today

GEN POSTER

The Least We Can Do

By Charles A. Beard

Years ago the governments of the Axis powers declared a war of words against civilization—against the plain, common decencies of civic and international relations. While publicly cursing civilization, they exalted barbaric force as the highest manifestation of the human spirit, as if the gangster were the noblest work of God, and threatened their neighbors with conquest and subjugation. With endless reiteration, the tyrants and their propagandists in Berlin, Rome, and Tokyo blared their curses and threats into the ears of long-suffering humanity.

The Axis governments not only cursed civilization with words and praised savagery with words. They boastfully subjected helpless people at home—men, women, and children—to nameless cruelties surpassing in deliberate ferocity the bestialities of wild animals—concentration camp, lash, torture, mutilation, and assassination, and they then began wars upon neighboring countries—wars which eventuated in the present world war. These statements of fact are not the illusions of propaganda. They are statements of fact that have been known to the American people for years.

Respecting the barbarism of the Axis powers, there has never been any difference of opinion among real Americans, that is, American men and women who have labored for the advancement of civilization—for the promotion of decency at home and in international relations. There have been differences and variations in opinions as to policies to be pursued, but not as to the true character of the rulers in Berlin, Rome, and Tokyo.

Now our soldiers, sailors, and airmen are daily, hourly, risking their lives, are dying, in the war with the Axis powers. They have put the comforts and the pleasures of the world behind them and turned their faces resolutely to the death-dealing storm of combat. And every effective instrument of war placed in their hands diminishes their perils, increases their safety, eases their terrible strains, speeds their triumph.

Equally certain it is that the war must be paid for, that money must be forthcoming to sustain the fighting forces and the millions of workers who produce the instruments of war in American industries. Heavy taxes have been laid and heavier taxes are coming. Additional money is being supplied by borrowing, by the sale of Treasury War Bonds and Stamps. In strict justice, as I am given to see things, Congress could require all Americans to dedicate fixed proportions of their incomes, remaining after taxes, to the purchase of Bonds and Stamps, but, in the tradition of liberty, it has left the discharge of that duty to the consciences of the people.

As compared with the hard tasks assumed by our soldiers, sailors, and airmen, this duty imposed on civilians is but as dust in the balance. The quicker, the more generously, it is discharged, the nearer is the triumph in arms and the possibility of advance into a better future for the world.

Brazil Speeds War Effort Against Axis

Cooperates with U. S. and Other Allies in Protecting South Atlantic Channel

HER RESOURCES ARE IMMENSE

Full Economic and Military Might of Nation Thrown into Struggle Against Axis Powers

The month which has elapsed since Brazil entered the war has witnessed many hurried trips back and forth from Rio de Janeiro to Washington. Many conferences of the general staffs of both nations have been held, and there has been much comprehensive planning for cooperation. American officers and technicians have been sent to Brazil to advise that country in her preparedness activities. The Brazilian authorities are active in augmenting their armed forces and they are joining the United States in a war upon German submarines which are infesting the Atlantic coast line.

The entrance of Brazil into the war is of great importance, considered either defensively or offensively. Brazil occupies a key position in the defense of the Americas. A glance at the map on page 7 indicates the vital position of our new South American ally. Brazil extends far out into the Atlantic. From Natal, it is only a little over 1800 miles to Freetown, on the great shoulder of Africa, and only a little farther to Dakar. Freetown is an English possession, but Dakar, a French colony, is in danger of falling into the hands of Germany.

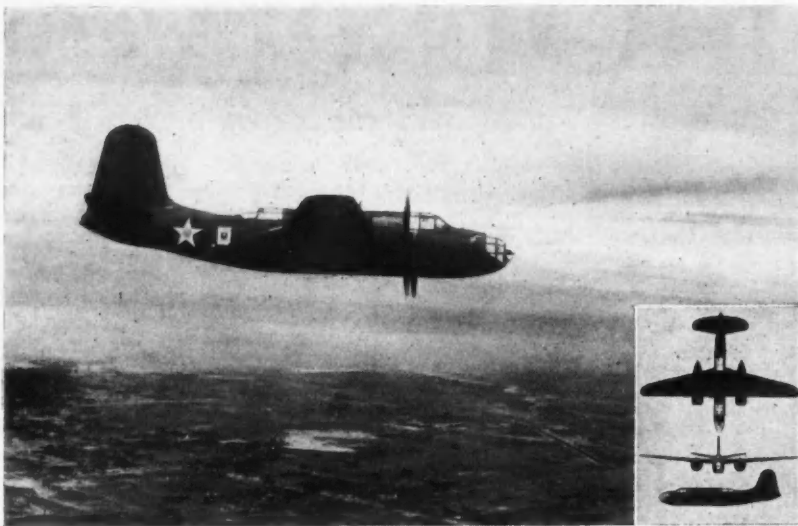
Brazil to Africa

Before the age of the airplane, the relative shortness of the distance across the South Atlantic from the tip of Brazil to the African coast was not a matter of great significance, but now the modern bomber or transport plane can make the distance in from six to nine hours. This stretch of the South Atlantic becomes little more than a channel. It is sometimes spoken of as "The Atlantic Channel" or "The Dakar Channel."

By this route, the Germans, in possession of Dakar, could easily strike at Brazil. This has been the weakest spot in the defenses of the Americas. The danger has been that the Germans, having occupied the African west coast, might send a swarm of planes across to Natal and Belem, occupy the coast line and then secure possession of the numerous airfields which dot the northern plain of Brazil—the region north of the Amazon River.

From these points, they could be within striking distance of the Panama Canal. It was by no means an idle dream of theirs that they might occupy these Brazilian bases, destroy the Panama Canal, establish bases in Central America, and from those

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U. S. ARMY AIR FORCES PHOTO

Planes in This War

A-20—"Havoc" or "Boston"

By Lieutenant John Gordon Studebaker, U. S. Army Air Forces

THE Douglas A-20 is the Army Air Forces' ace light bomber. This type of aircraft is designed to support ground troops by speeding ahead at low altitude to destroy hostile installations. With a top speed of about 350 miles per hour, and a radius of nearly 700 miles, these highly versatile planes are making life miserable for the enemy on battle fronts throughout the world. It was a flight of A-20's, manned by American pilots, which launched our first aerial assault against Nazi Europe on July 4, 1942.



Lieut. Studebaker

By flying low, often no more than 20 or 30 feet above the ground, "hedge-hopping" trees and hills, and hiding in valleys, these light bombers are subject to aerial attack only from above, and they present a difficult target for antiaircraft weapons. In surprise attacks, they pounce upon troop concentrations with machine guns blazing—striking like a bolt out of the blue, blasting tanks, trucks,

and other equipment, and destroying personnel on the ground. Small parachutes are attached to the fragmentation bombs often carried by these low-flying aircraft, the purpose being to delay the strike until the plane can escape undamaged by the explosion.

The British RAF, which has long favored the A-20's, has equipped them for two types of attack—night fighting and daylight bombing. The night-fighting A-20's, called "Havocs," have proved especially effective in this role. In audacious raids, they have circled undetected at high elevations above enemy air bases, waiting for Nazi bomber squadrons to return from raids over England. As the enemy bombers flew in to make landings, down came the "Havocs" with bombs and machine gun fire to blast their prey and zoom home, leaving wreckage in their wake.

Hundreds of additional A-20's are being employed by the RAF for daylight attack bombing operations. The name "Boston" has been applied to these planes. As a matter of fact, the British press has coined the word "Bostonize," which means to smash up the enemy with A-20's.

S M I L E S



"Three quarts of water—and wipe off his nose, please."

DAY IN LIBERTY

"How did that saxophone player get the lump on his head?"

"Playing a saxophone."

"Oh, in front of someone's house, eh?"

"No, in front of the trombone player."

CASLON COMMENTS

"What became of your secretary?"

"I married her and now she's my treasurer."

—WALL STREET JOURNAL

An American who had just arrived in London sat down at the restaurant table and briskly began to give his order. "I'd like a thick steak smothered in mushrooms, some buttered toast"

"Excuse me, sir," interrupted the waiter gently, "but are you trying to give an order, or just reminiscing about old times?"

—PATHFINDER

Diner: "Say, waiter, you've got your sleeve in my soup!"

Waiter: "That's quite all right, sir. It's only an old coat and can't be hurt."

—LABOR

Pilot: "Have you learned the theme song of the parachute corps?"

Cadet: "Theme song? What is it?"

Pilot: "It don't mean a thing if you don't pull that string."

—OIL WEEKLY

Bystander: "Say, officer, what were those two men fighting over that they battered one another up so badly?"

Officer: "They were arguing about what kind of peace settlement we should make after this war."

—CAPPER'S WEEKLY

"Did they take an X-ray of your wife's jaw at the hospital?"

"They tried to, but all they got was a moving picture."

SELECTED

A Book in the News

Facts About Strategic Materials

THE American public constantly hears that sacrifices are necessary for victory. But conflicting statements on shortages have led John Doe to demand the facts which necessitate lowered standards of living. *Strategic Materials in Hemisphere Defense*, a book by Mary S. Hessel, Walter J. Murphy, and Frederick A. Hessel (New York: Hastings House, \$2.50), answers this demand. Based on government reports and other authoritative sources of information, it tells a clear story of the critical problem of supply.

According to the authors, the reasons behind the shortages are these: In the face of increasing demands from Russia, China, and Britain, the war has cut off many of the foreign supplies of our raw materials. We had chosen to import these materials because they were cheaper and of higher quality. If we are going to make use of what we have in this country, we first must get valuable equipment. We also must wait for the chemists to learn how to make use of our low-grade ores.

We can expect help from Canada and Latin America, the authors say. Nickel, aluminum, platinum, asbestos, and copper will come from our northern neighbor. From Latin America we can get cinchona bark which is used in making quinine, kapok for life preservers, wool, sisal as a replacement for manila hemp to make marine cordage, and small quantities of rubber.

The book stresses rubber as one of the most critical shortages. The Japanese occupation of Java and Malaya cut off our source of rubber and brought us face to face with the fact that before rubber trees can be planted, jungles must be cleared. A labor problem presents itself because few men are willing to work in jungle land. To complicate the matter further, rubber trees do not reach the bearing stage for five years after they are planted. Synthetic rubber would appear to be the answer, but its manufacture is a complicated process requiring technologically trained personnel, new equipment and buildings at a time when everyone is clamoring for priorities. The authors predict that it will take three years to produce enough synthetic rubber for civilian needs.

Also brought to light is the problem of supplementing the Russian, Chinese, and South American chem-

ical markets. In peacetime our industry had produced for domestic consumption alone. Our plans for chemical warfare of two years ago might be likened to the plans of a one-room shack when what is needed is a 100-story skyscraper. The authors use the story of the manufacture of explosives as an illustration of what has happened to our chemical industries. Manufacturers who were producing explosives during World War I had no incentive to continue any large output after the armistice. Peacetime demands for explosives were few. Being members of a democracy where everyone was free to manufacture what he pleased, they found it more profitable to produce goods with a greater appeal to the consumer.

It takes time for a democracy geared for peace to make its adjustment for war. Factories for explosives are springing up by the dozens. The present factories are being converted to manufacture war materials. We still need many more factories. But once America has converted itself to a wartime economy it will be hard to stop. In the meantime we must not expect miracles. All anyone has the right to expect is hard work—and the chemical industry is getting more than its share of that.

The book finds the brightest outlook for war needs in our supply of steel. "Even if Hitler should have all of Europe and Japan all of Asia, we could still produce more of this precious metal than the Axis powers."

The authors explain that war needs include more than instruments of destruction. Quinine is first on the strategic list of lifesavers. Since the East Indies is the source of our quinine, we must rely on our stock piles for the immediate emergency. We have gone far in manufacturing synthetic substitutes and have been particularly successful in combating malaria with them.

The following quotation gives these explanations meaning for the private citizen:

By December we will see the end of luxuries, indeed we will see the end of everything but the bare essentials of living. Among the standard products that will be off the dealers' shelves will be automobiles, tires, electric refrigerators, washing machines, radios, vacuum cleaners, and other electrical devices, as well as canned goods, articles which use metal foil, plastics, and consumer goods containing steel, rubber, copper, tin, nickel, aluminum, and other critical metals and materials.



FORD MOTOR COMPANY

YOUNG RUBBER TREES have been planted in great quantities in the interior of Brazil. In time, they will yield large amounts of rubber.

Health Drive Launched

"If this nation is not physically tough, mentally sound, and morally strong, we can leave our planes unbuilt and our battleships on paper. We shall not be able to use them."

That is how seriously Dr. Thomas J. Parran, surgeon general of the United States, takes the problem of health and fitness in wartime. And statistics justify his anxiety. About 40 per cent of the young men called under selective service must be wholly or partially rejected because of poor health. Industry, vital second front of our war effort, has recently lost as many as 23,000,000 man hours of production in a single month. Students in the elementary and high schools of the nation miss about six per cent of their school year annually because of ill health.



Doctor Parran

There are three main reasons for low health standards. First, preventive measures are inadequate. This means that there are not enough inoculations for certain diseases, periodic checkups on general health are too few, and diets are often poor. But prevention means still more. It calls for warm sanitary housing, sleep, exercise, and happy surroundings—all the ingredients of well-being in the broadest sense.

We have known for a long time that a large proportion of our population does not get the right kind of food, has inadequate clothing, and lives in substandard houses. We know too, that even if these conditions do not produce disease, they seriously lower efficiency. And now we realize that this war requires maximum efficiency of each of its citizens, every day in the year.

Accidents are among the other

health-destroyers which cry for the ounce of prevention. We may hope that gasoline rationing will cause a drop in the number of automobile fatalities but positive effort must still further reduce this shocking toll of human life and well-being.

Industrial accidents injured 2,000,000 people in 1941. Included in this figure, which amounts to almost half as many persons as are now in the armed forces, were 19,000 killed and 100,000 disabled.

In working with certain types of machinery, not all hazard can be eliminated, but a good part of the dangers now robbing America's manpower can be done away with.

A second reason for the black marks on the nation's health record is ignorance. People do not understand the importance of what they eat, how long they sleep, or their outdoor exercise. They do not realize the difference a visit to a doctor can make when they have the first symptoms of disease. Some are even so foolish as to fear doctors, clinics, and hospitals.

Education on hygiene and disease prevention has been too slight. People must be informed on how to take care of themselves if the nation's health is to be adequate for the constant strains of war.

The third reason why illness is allowed to sap the vitality of the American people is lack of health facilities. While this nation has had almost enough medical care for its population, facilities have been unevenly distributed, with the lower income groups receiving less than half of the attention they needed. Public health services have been widely extended in recent years, but they still fail to reach many whose economic status prohibits other measures.

This third reason is especially serious because of the war situation. Nurses are going into the armed services at a rate of 3,000 a month. Doc-



HARRIS AND EWING

FOR HEALTH. This new Naval Medical Center near the nation's capital serves the welfare of a branch of our armed forces. Improved medical facilities will be needed for the entire nation after the war.

tors, too, are answering the call to the colors, and many hospitals find that they must close.

What is being done to meet this problem? In the armed forces, a positive health program has been under way for some time. Soldiers, sailors, and marines are selected with great scientific care, and attention to mental and emotional soundness as well as bodily health. Once in the service, their health is protected in a number of ways.

Thanks to the sulfanamide drugs, pneumonia, which was a formidable enemy of the First World War army, is largely under control. Inoculations guard the Army from other diseases, and good food, rest, and exercise build up resistance to illness.

The industrial workers, no less important than the men in uniform, are also being cared for. While small plants cannot afford extensive health programs for their workers, the large corporations can work out special services on a large scale and are rapidly doing so.

Safety devices are being used as

never before, especially in plants with large numbers of women employees. In the Curtiss Aircraft Propeller plant, women workers have been provided with special uniforms and are protected by glasses and masks when working near flying shavings. Cold cream and heavy gloves prevent harsh oils from harming their hands.

Careful attention is being given to rest periods and recreation in almost all war industries, and many provide supervised athletics for their workers. Outside agencies such as the Red Cross have set up canteens to supplement the diet of workers who may be undernourished. Corporations, too, provide cafeterias with menus supervised by nutrition experts.

For the home front, numerous federal agencies are taking action. Grants-in-aid have been arranged for states whose public health programs are underdeveloped. The United States Public Health Service has expanded its defense program to increase services to local authorities and industries.

The National Housing Agency's war program is rapidly supplying industrial communities with dwellings to meet the needs of increased population. All agencies are issuing information to help the citizen adjust his living to emergency conditions.

Consolidations of medical facilities have also progressed with the war. Hospitals, public health centers, and private agencies are pooling their forces, and programs are under way to equalize the distribution of nurses, doctors, and hospital facilities.

In wartime, mental health becomes more important than at any other period. The strains of worry, harder work, and curtailed recreation attack every part of the population. While the United States has had less of this to endure than the other belligerents of this war, Americans must be prepared for harder times in the future.

England has found that the mental health of her people was equal to the worst the enemy could offer. This has been attributed to the extensive participation of the entire people in the work of defense. Even small children are less frightened when a definite task keeps them occupied. It is to be hoped that America, too, will find strength in the common effort.

Dr. Parran's challenge must be answered. In part, it is already being answered, but in health as in military manpower, mobilization must be complete for victory.

Straight Thinking on the War

By CLAY COSS

SHREWD Fifth Columnists and Hitler sympathizers know better than to come out openly and talk either against the United States or in favor of Germany or Japan. They know that they would have no influence if they did that. So they pretend to be loyal Americans, say nothing directly against the country, but do everything they can to spread false rumors and to stir up discontent among the people of the nation.

One of their most frequent tricks is to spread the lie that government bonds won't be worth anything after the war. "It's all right to buy war stamps and bonds," they say, "if you realize that you are really giving the money away. But you mustn't expect to get anything back. The government is already so heavily in debt that it can never pay its debts. So whether we win the war or not, you will be paid back for your bonds in worthless paper."

There are two answers to such rumors as this. First, we certainly will not win the war unless the government gets money either by selling bonds or by collecting taxes.

And if we don't win the war nothing we have will be worth anything. Better give the government money without any thought of getting it back than to turn the country over to Hitler. The men



ACME

Will the bonds be good after the war?

who are killed will not get their lives back, and yet soldiers do not hesitate to risk everything for their country.

Second, the money we put into bonds will be paid back. It will be paid back dollar for dollar and with interest. There is not the slightest reason to think the United States government will repudiate the

debts it has contracted with the people.

If there should be wild inflation, with prices skyrocketing, dollars may not be worth much, but if the dollar you save by buying bonds isn't worth much when it is paid back, the dollar you save by keeping it in your pocket won't be worth much either. Neither will the dollar you save by putting it into anything else, for in time of inflation nearly all businesses and all forms of investment are ruined.

But we needn't have inflation. Steps are being taken right now to prevent it. So there is every reason to think the money you put into stamps and bonds will come back to you safely and with interest.

Remember this—If the government's credit isn't good after the war, nothing else will be good. But if we save the country by winning the war, we will save its credit. We will save our property in whatever form it may be.

You can't find a better place to invest your money than in war stamps and bonds. Don't let Hitler's agents or their dupes talk you out of it.

The Story of the Week

Battle of Stalingrad

If one had undertaken to write a story of the week on July 2, 1863, he would have been in a difficult position, for one of the most decisive battles in the history of the world was in progress and its outcome was not yet determined. The writer would have been obliged to tell the story without knowing the results of the Battle of Gettysburg.

In writing the story of this week, one is in a similar position. One of the greatest battles of human history is raging. It is probably true, as frequently asserted, that from the standpoint of numbers engaged, of materials employed, and of ferocity of fighting, the Battle of Stalingrad has had no equal during all the centuries of the past.

Will the Battle of Stalingrad turn out to be one of the most decisive battles of history? Does the outcome of the war hinge upon it? It is hard to answer that question. If, by a miracle, the city should hold out and repel the invaders, it would be a major defeat for the Germans. Probably they could not recover. If definitely stalled in southern Russia, they would probably be unable to transfer large armies to the west or to the Near East. The Battle of Stalingrad might then be the turning point of the war.

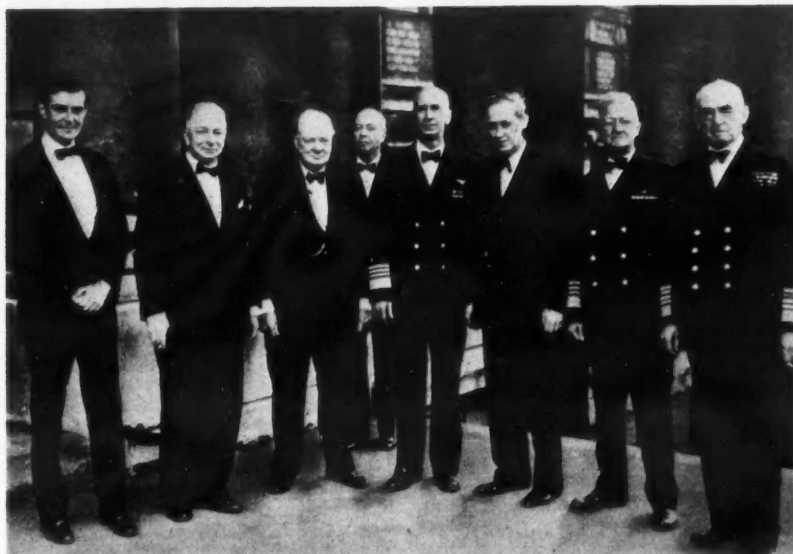
If, however, the Germans should finally take the city, as now seems probable, they would have control of the Volga River. They could prob-



The Russian front

ably (see map) extend their conquest to the Caspian Sea. Russia's southern army would be shut off from the north. The oil of the Caucasus upon which the Russians have chiefly depended could not be supplied in large quantities to the northern forces. Russia would be weakened, but probably not destroyed. There is little chance that the Germans could launch a successful offensive against Moscow and Leningrad this fall. The Russians would still be in the field holding the German armies through the long hard winter.

Russia would be weakened to the point where she could not carry on war as actively as she had in the past. The United States and Great Britain, when they launch their offensive in the west, would have a relatively weak, instead of a very strong, ally in the east. The war would be prolonged. But it is not



WAR CONFERENCE was held in London last July to decide on offensive action against the Axis. Prominent British and American officials attended. (Above, left to right) John G. Winant, U. S. Ambassador to Great Britain; A. V. Alexander, First Lord of the Admiralty; Prime Minister Winston Churchill; William C. Bullitt; Admiral Ernest King, Chief of U. S. Naval Operations; Harry Hopkins; Admiral Harold Stark and Sir Dudley Pound, RN, Admiral of the Fleet.

at all certain or even probable that the fall of Stalingrad would necessarily mean a final German victory.

Vital Decisions

Can the United States and Great Britain launch an offensive in the west while the Russians are still a formidable force in the east? Can they take full advantage of Russia's resistance to open the second front? That question cannot yet be answered, but both President Roosevelt and Prime Minister Churchill have admitted very definitely that an invasion force is being prepared. Prime Minister Churchill said, in his address to Parliament which followed his visit to Russia and the Near East, that he regarded the Dieppe assault "as an indispensable preliminary to full-scale operations."

He also said that in July President Roosevelt had sent a military mission to London, that the heads of our armed forces had conferred with the British chiefs of staff and the War Cabinet for a period of 10 days, and that "decisions of importance were taken affecting the entire future of the general conduct of our operations, not only in Europe, but throughout the world." It is generally assumed that a second front effort was agreed upon at this conference.

Russia Digs In

W. Averell Harriman, who has made two trips to Moscow during the last year as the personal representative of President Roosevelt, and who was there only last month accompanying Prime Minister Churchill in his conference with Stalin, thinks that whatever happens in Stalingrad and the Caucasus, the Russians can fight on. He tells of their remarkable achievement in moving factories from the regions about to be invaded back to the rear. He says:

Members of my mission saw for themselves factories where each piece of machinery was tagged and numbered, fastened to the concrete only by bolts, ready to be moved at a moment's notice to safety. And the key workers went with their machines, traveling in the same box-car, living for days in hardship, ready to set up their machines in buildings erected in the meantime at the new location. These

Russian workmen consider themselves, and rightly, as much a part of the battle as the soldiers.

These plans that I observed last year for moving military production to safety have since become largely an accomplished fact.

In spite of the loss of territory and of industrial cities, aircraft, tank, and other production has been maintained to a remarkable extent, and, in fact, in some cases increased. Also new mines have been opened up. New oil wells drilled. New lands have been cultivated to take the place of the Ukraine granary. Yes—they have planned well for a long and hard struggle. They admit no obstacle to interfere with the carrying out of their plans. The leaders have shown ingenuity and have directed well the spirit and energies of the Russian people. Naturally the new production is not all in balance and it is easy to understand their critical need of certain equipment and raw materials which we and the British can and must send them.

In Russia, it is truly total war. On our way to Moscow, our planes flew low and women were seen working in the fields with rifles slung over their shoulders ready to take their toll of parachutists if they dropped within range. This is a part of the Russian organization for civilian defense. . . .

I cannot predict where the line of the front will be this winter or next summer, but I can assure you there will be tough fighting—tough for the Germans and their satellite allies.

Other War Fronts

Among the other war developments of the week are these:

The Japanese who are in possession of the northeastern tip of the Island of New Guinea have forced their way through mountain passes and are moving toward Port Moresby on the southeastern coast of the island.

Port Moresby, held by the Allies, is a strong defense against an invasion of Australia. If it should fall, both Australia and the Solomon Islands would be further endangered. Whether the Japanese are prepared to carry on a strong offensive, it is not known.

The British, who months ago occupied the chief port of the Island of Madagascar, are spreading their control to the entire island. It is a long island, about one thousand miles in length, separated from Africa by the Mozambique Channel, through which the British and American supplies for the Near East must pass. Japanese submarines have been operating lately from bases on this

French island, and are endangering our shipping. That is why the British, against strong protests from the Vichy government in France, are taking over the island.

France itself is in turmoil. The Laval government wishes, of course, to cooperate fully with Hitler, even to the point of joining him in the war, but it is not certain that it could carry the French people with it. Last week Edouard Herriot, former premier of France, had the courage openly to warn Laval that the people of France would not make war against their allies.

The Vichy government, acting on orders from the Germans, has seized thousands of Jews and separated Jewish families, forcing the men and women into slave labor and sending their children to schools and camps.

Report on Rubber

Here at home the week has witnessed developments of importance. The Rubber Committee appointed by the President, and headed by Bernard Baruch, made its report. Briefly it is this:

We have only about three-fourths enough crude rubber on hand to supply essential military demands for the remainder of this year and through 1943. This does not allow for any civilian use of rubber.

If things go well in the production of synthetic rubber, our military forces can secure supplies of synthetic rubber before the present supplies are exhausted. We lack about 200,000 tons of having enough natural rubber to last through 1943. It is hoped that 425,000 tons of synthetic rubber can be manufactured during that time. If this happens, about 200,000 tons of artificial rubber will be on hand for civilian use by the end of 1943. This is about a third as much as is used for civilian purposes during ordinary times in a year.

This ratio is relatively slight. It is not certain that the plans for synthetic rubber will be fully carried out. Production may fall much below present hopes. If military needs alone are met, therefore, there must be a very careful saving of rubber, for if military needs are not met our whole war effort will be in danger.

There is this further danger. Not only must the military needs be supplied if we are to continue to fight, but rubber must be on hand for



Came the dawn
COAKLEY IN WASHINGTON POST

essential civilian purposes, about which the Baruch Committee says "tires on civilian cars are wearing down at a rate eight times greater than they are being replaced. If this rate continues, by far the larger number of cars will be off the road next year, and in 1944 there will be an all but complete collapse of the twenty-seven million passenger cars in America." What is to be done about it? The Committee recommends:

1. A reduction of the average mileage permitted for any passenger car to five thousand miles. Nationwide rationing of gasoline is suggested as a means of cutting down mileage.

2. Enlargement of the present tire replacement program to provide sufficient recaps and new tires for the maintenance of this essential minimum of essential driving.



MISSION TO MOSCOW ENDED, W. Averell Harriman returns to Washington to report to the President (see page 4).

3. Enforcement of a nation-wide speed limit of 35 miles an hour.

4. Compulsory periodical tire inspection.

5. Interim periods of voluntary tire conservation until the rationing and inspection programs can be put into operation.

Scrap Drive

The war effort is threatened from another source. Steel is so scarce that many shipyards and war production plants are closing down. The manufacture of more steel is hampered because there is not enough scrap iron on hand. In the manufacture of steel, scrap iron along with pig iron is used. Steel can be made more rapidly and is stronger if there is this mixture of scrap iron.

There is enough scrap in the country to supply the needs of steel mills, but it is difficult to locate it and get it to the mills. That is why there is such an urgent appeal for every person, young and old, to participate in the drive to locate scrap iron. The people are being urged to bring in such small articles as keys which they do not use. Every patriotic American is called upon to participate actively in the drive.

Constitutional Issue

Congress is at work on the job of stopping inflation—the job which President Roosevelt gave to it in his recent message (see THE AMERICAN OBSERVER, September 14). The President asked Congress to place a limit upon farm prices—said he would do it without authorization of Congress if that body did not act by October 1.

There is a possibility, however, that no action will be taken by Congress by October 1. Many are asking what constitutional authority the President has to limit prices on farm products in such a way as to set aside a law which Congress enacted several months ago. The answer is that the President does it through the war powers.

President Lincoln, for example, increased the size of the Army and Navy and called for volunteers, even though these are powers which the Constitution gives to Congress. He also suspended the writ of habeas corpus and he emancipated all slaves in the states which had joined the Confederacy. He admitted that for this action he had "no constitutional or legal justification except as a military measure."

President Wilson did many things which in peacetime would have been definitely unconstitutional. In 1917, he asked Congress for authority to arm American merchant ships. Congress refused to do so. Then President Wilson armed them anyway.

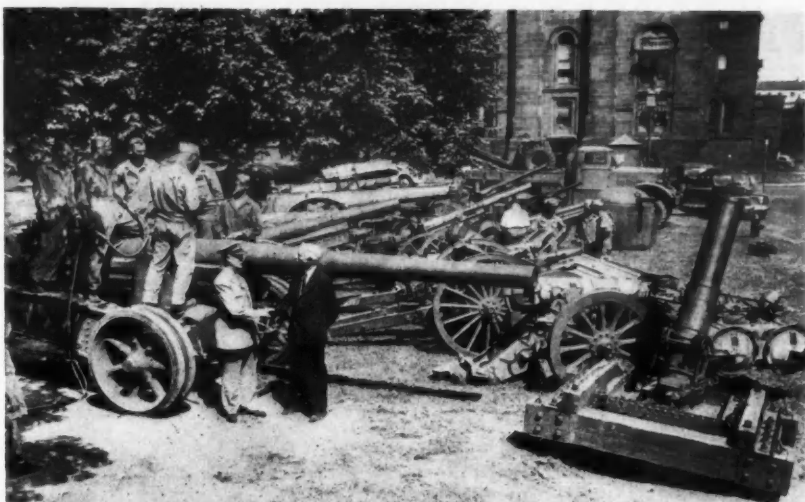
The theory of the war powers is that during a war the President may do anything which is necessary for the conduct of the war. In actual practice, the President makes the decision as to what is necessary.

Our Presidents then have exercised unusual powers during times of war. Then when the wars have ceased, these extraordinary acts have ceased. We surrender much of our constitutional procedure in time of war in order that the Chief Executive, who is the Commander-in-Chief of the armed forces, may act quickly and decisively. Then when the wars are over, we insist upon and get back our constitutional ways.

The Red Tape Front

While front-line forces engage the enemy abroad, war agencies in Washington are doggedly fighting their way through jungles of triplicate copies and unnecessary memoranda in the battle against red tape. In this the Navy takes the lead. Since the beginning of the all-out drive against delay through needless paper work, 647 items in the Washington office alone have been eliminated.

To accomplish this, the Navy Department has been using a bureaucratic adaptation of what labor-management committees do in industry. Questionnaires have been sent to 3,500 supervisors with instructions that they must be answered. These mobilize suggestions from management for doing away with unneces-



OLD GUNS FOR NEW. These big guns, relics of World War I, have been in the keeping of the Smithsonian Institution in Washington. They are being turned in for scrap to make new weapons for this war.

sary operations in the Department.

On the employee side, a board has been set up to reward those whose ideas are usable. A \$500 prize was given a girl whose suggestion did away with 87,000 letters. The board is now considering some 40 other Navy workers for possible awards.

News From All Fronts

Sixteen men and one woman were recently selected as the first persons to receive Certificates of Individual Production Merit, given by the War Production Board. The awards were made on the basis of suggestions which the workers had submitted for increasing production in the plants where they work.

Navy patrol blimps are being stocked with buoyant, waterproof bags which contain emergency food and water rations and medical supplies. The bags are to be dropped to torpedoed seamen who are drifting in lifeboats and rafts, waiting to be rescued.

Unemployment reached a wartime low in August. The Department of Commerce reported a few days ago that the number of jobless in that month was 2,200,000, as compared with 8,900,000 in August 1940.

At the entrance of Boston Harbor stands the famed Boston Light, America's first lighthouse, which has sent out its friendly beams without fail since 1716. A few days ago it was turned out, and will remain dark until the war is over.

Propellers on America's fighting planes are painted black with yellow

tips. The black keeps the "props" from showing up under enemy searchlights and from glaring in the pilots' eyes. And when the plane is warming up on the ground, the light tips make a whirling yellow band which warns ground crews to keep away from the blades.

Both the Army and the Coast Guard are training dogs for war. On lonely beaches and outposts, dogs are helping guardsmen to protect America's shores against the landing of enemy spies. The Army's canine corps will serve as sentries, messengers, pack dogs, airplane spotters, and defenders against enemy parachute troops.

Uncle Sam's fighting men are learning how to swim under full pack and how to make their way safely through water which is covered with blazing oil. Packs are not such a handicap as they might seem. Until they become too soaked, they act as water-wings and help keep the men afloat. The trick in swimming through blazing areas is to splash water ahead and onto the flames, or to detour the flames entirely by swimming underwater.



WARTIME PRESIDENTS, of whom Lincoln was a prime example, have assumed great powers for the prosecution of war. President Roosevelt is following in the footsteps of other Chief Executives.

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Brazil's War Effort Against the Axis

(Concluded from page 1)

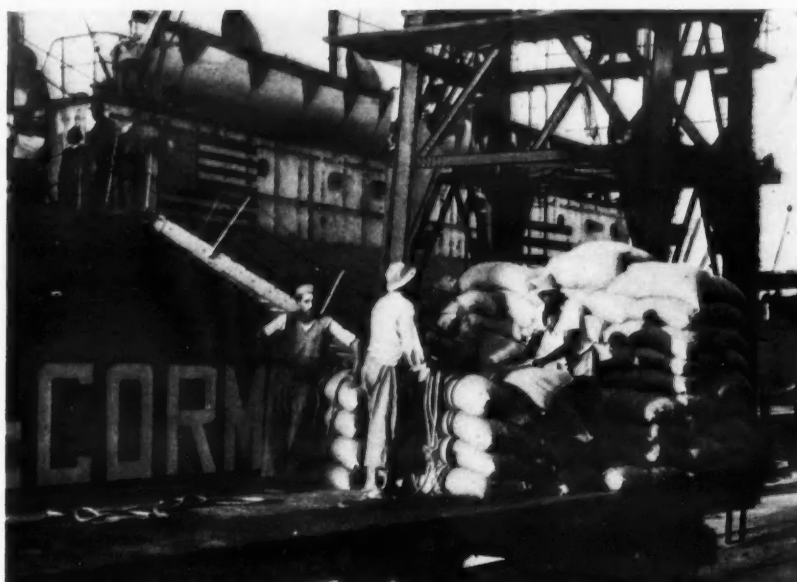
positions attack, not only Mexico and the Caribbean islands, but the United States itself.

These plans of the Germans were the more dangerous because of the weakness of Brazil's defenses. The Germans have had reasonable hopes of finding powerful assistance in Brazil whenever they might strike. There are in that country about a million Germans—that is, a million persons who themselves came from Germany, or whose parents or grandparents migrated from there. These German-Brazilians have kept closely together. There are large sections of the country where they are in a majority. They have maintained their own language, and until lately their own schools. The region around Sao Paulo and the country to the immediate southward, among the most progressive regions in Brazil, have been quite thoroughly Germanized. Many of these Germans have indeed accepted Brazil as their own country and are loyal to it, just as most of the people of German descent in the United States are, but considerable numbers, especially among the young people, are pro-German.

Pro-Nazi Elements

The Italians are about twice as numerous as the Germans, though they are less active in their loyalty to their fatherland. The great majority of them look upon themselves as Brazilian citizens and feel no loyalty to the Italy of Mussolini.

There are, however, enough Germans, Italians, and Japanese in Brazil to cause grave concern. Furthermore, the pro-Nazi and pro-Fascist elements have been well organized, whereas the Brazilian government itself, until recently, has been weak. Until the last few years, the states of which Brazil is composed have been much like independent nations, each with its own flag. The central government has not been strong. Since Getulio Vargas assumed power as a dictator some years ago, however, this situation has changed. The states are now subordinate to the national government. A spirit of national patriotism has developed rapidly. Vargas has improved the national army and has so strengthened the government as to lessen the danger of a successful revolution. The situation of Brazil, has, however, re-



VITAL MATERIALS, especially useful in war, are produced in Brazil. They will more than ever be at the disposal of the United Nations.

mained precarious. The danger that the Germans might reach Africa, strike successfully at Brazil and then shatter the defenses of the Americas has been real.

The entrance of Brazil into the war goes far toward removing that danger. Planes and other equipment have been sent in considerable quantity from the United States to Brazil. The United States now occupies the airfields which Germany would need to obtain in order to carry on her attack. A vigorous campaign is being waged against submarines. The Germans and Italians are under close supervision. Large numbers of fifth columnists have been imprisoned.

Use of Atlantic Channel

The United States and Brazil, acting in cooperation, are proving that the Atlantic Channel can be used by our side as well as by Hitler. We, and not the Germans, are taking the offensive. Bombers and cargo planes in great number are flying across the South Atlantic from Natal to Free-town. From there, they are going on across northern Africa to Egypt, the Near and Middle East and Russia. Instead of Hitler's using the channel to carry the war to the Americas, the United States, with Brazilian cooperation, is using it to carry the war to Africa and other fronts.

The entrance of Brazil into the war on our side is helpful in another way. This action by the largest of the South American nations will exert an influence in our favor throughout South America. Now that Brazil has become a full-fledged partner in the war, she will draw other countries of South America closer to the United States. Most of these countries are already strongly in support of the cause of the United Nations, but for various reasons have hesitated to enter directly into the war. One of these reasons has been a feeling that the United States has its hands full with war in two oceans—so full that it might not be able to come quickly to the aid of a South American country which was attacked by the Axis. Brazil's

participation in the war will greatly help to overcome this fear.

There is a special reason why Argentina may possibly be brought into line. Even though many of her present leaders would much prefer to remain neutral, and some of them are openly sympathetic to the Axis nations, they will realize the danger of Brazil's being in the war on the side of the United Nations. There is great rivalry between Argentina and Brazil. The Argentines know that the United States will do everything it can to make Brazil a strong military power. We will help to build up her armed forces, supply her with large amounts of equipment, and assist in developing her rich resources.

Thus, when the war is over, Brazil may, unless Argentina also enters the conflict on our side, be the outstanding military power in South America. She may be in a position to exert more influence over other South American nations than will Argentina. For this reason, therefore, and also because the majority of ordinary people in that country are friendly to the United Nations, Argentina may adopt a more friendly attitude toward our cause.

In determining the possible consequences, immediate and remote, of a closer association, which Brazil's entrance into the war has brought that country and the United States,

these vital facts should be noted:

Brazil is considerably larger than the United States; as large as the United States with an additional Texas thrown in. It is almost as large as Europe. Someone, in writing of Brazil's area, remarked that 65 Englands could be set down within Brazil. It is about 3,000 miles across the United States from the Atlantic to the Pacific and not much more than half that distance between our northern and southern borders. Brazil is 2,700 miles each way at the farthest points.

While Brazil is larger than the United States, the population (45,000,000) is only about a third as great. Using approximate figures and without any attempt at precise accuracy, we may say that one-half of all the Brazilians are white, one-fifth are of mixed blood (white and Negro), one-seventh are Negroes, one-tenth are of mixed white and Indian race, and about one-fiftieth are Indians.

Nearly nine-tenths of the population live within a narrow strip about 100 miles wide, extending along the coast. The other tenth are scattered over the broad expanses of the interior.

More than four-fifths of Brazil is covered by forest, much of it dense jungle. The forest supplies are practically inexhaustible. Agricultural lands, especially those of the great coffee country around Sao Paulo, are rich. Brazil produces three-fifths of the world's coffee, and is becoming an important producer of cotton and sugar.

Brazil was once the world's great rubber producer, but during the last 30 years cheaper rubber has been produced from the cultivated trees of Malaya and the Dutch East Indies, and Brazil now produces only one per cent of the world's supply. Rubber production may be brought back, but it will take years to do it.

There is much iron. Steel plants are being built, with help from the United States, but scarcity of coal is a handicap.

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A street in Sao Paulo, Brazil

News Quiz of the Week

(Turn to page 8, column 4, for answer key)

1. British troops have recently undertaken a new invasion of the fifth largest island in the world. What is it?
2. To whom does this island officially belong?
3. In their recent report on the rubber situation, which of these things did the president's committee not recommend: (a) that no speed above 35 miles an hour be permitted for passenger cars and trucks; (b) that more rubber be released to the public to maintain necessary civilian driving by recapping or new tires; (c) that rationing of gasoline be made national in scope; (d) that the synthetic rubber program be cut out because it is too expensive and takes too long.
4. America has its WAACS and WAVES. Now it has its WAFS. What are they?
5. What new post is now held by Dr. Hu Shih, Chinese ambassador to the United States until his recent recall?
6. What prominent foreign official is scheduled for an official visit to this country beginning October 22?
7. Why is this visit significant?
8. Which of these statements about Brazil, newest member of the United Nations, are true: (a) In area, it is larger than any other country in the Western Hemisphere except Canada. (b) In population, it is larger than any other country in the Western Hemisphere except the United States. (c) It contains half the people in South America.
9. Who are Getulio Vargas, Edouard Herriot, and Maxim Litvinoff?
10. The Germans are reported to have reached Novorossiisk. Where is it and why is it important?
11. The United States has just received permission to establish bases on the Galapagos Islands. Where are they, to whom do they belong?
12. What is the nature of the spending tax recently debated in Congress?
13. What deadline did the President set for congressional action on inflation control?
14. Who is Eugene Talmadge and why is he in the news?



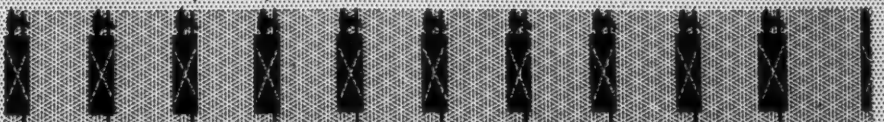
AREA OF U. S. 3,026,789 sq. mi. AREA OF BRAZIL 3,275,510 sq. mi.

AXIS MINORITIES IN BRAZIL

GERMANS: 1,045,000



ITALIANS: 2,280,000



JAPANESE: 235,000



TOTAL POPULATION: 45,000,000

New Tax Bill Is Prepared

(Concluded from page 1)

day, or more than \$200,000 a minute. Put in another way, next year alone will cost every man, woman, and child in the United States more than \$750, or more than \$2 a day.

We get a better idea of the tremendous cost by comparing this war to previous wars in our history. The World War cost us a total of \$45,000,000,000, the Civil War, \$15,000,000,000. All previous wars combined cost the nation about \$62,500,000,000. The present war will cost the American people at least six times as much as all former wars put together.

One-Third of Income

We are not beginning to pay for this war as we go along. In fact, the tax bill which the House passed three months ago added some \$6,000,000,000 to the amount the Treasury will collect next year. This will bring to \$24,000,000,000 the total income of the federal government next year. And this is only one-fourth the amount that will be spent for the war.

The Senate bill will add about \$2,-

The national income has been increasing since January 1, 1941, at the average rate of two per cent each month. This purchasing power now exceeds by an estimated \$20,000,000,000 the amount of goods which will be available for purchase by civilians this year. The result obviously is that people compete more and more for the available supply of goods; and the pressure of this great demand compared with the small supply—which will become smaller and smaller—continually threatens to disrupt our whole price structure.

A recent study by the Bureau of Labor Statistics has shown very strikingly how much the incomes of the average of families have gone up during the first quarter of 1942. If we assume that the income for the first quarter of 1942 is a fair basis for estimating what the family income will be for the entire year, the results of the study show that whereas less than one-fourth of all families in the United States received as much as \$2,500 in 1941, more than one-third will have \$2,500 or more in 1942. This shows how much the purchasing power of the average American family has gone up as a result of war production and how essential it is to control that purchasing power by taxation and by investment in war bonds.

The tax bill now under consideration by the Senate will greatly add to the number of federal taxpayers. An estimated 43,000,000 persons will be obliged to pay taxes under the proposals now made. This will be 14,000,000 more than will be required to pay taxes under the bill passed by the House early last summer, about 20,000,000 more than pay under existing laws. It means that a single person earning more than \$500 a year (less than the amount paid to the buck private in the Army) will be obliged to pay a tax.

The larger number of prospective taxpayers results from the lowering of the exemptions in the new measure. Under existing law, a single person does not have to pay an income tax until his yearly income is in excess of \$750 and a married person has an exemption of \$1,500. The exemption figures have now been reduced to \$500 and \$1,200 respectively and may be cut still further before the law is finally enacted.

In order to add to the revenue of the House bill, the Senate committee had to turn to other forms of taxation. It considered the sales tax—a general tax on retail sales, on food and clothing, on laundry bills, and practically every other article of purchase. This was rejected, temporarily at least, on the ground that it would place too great a burden upon the poorest sections of the population.

Then, there was the so-called "spending tax" proposed by the Treasury. This is a tax on that part of a person's income which is spent. That part of the income which is invested in life insurance or bonds or put into savings accounts is deducted from the total income and a tax is paid on the balance. The Senate Finance Committee rejected this proposal.

The Finance Committee finally decided upon the so-called "Victory tax," which



SECRETARY MORGENTHAU and other Treasury officials appeared before congressional committees to set forth the Treasury's views of what constitutes an adequate tax program.

resembles in certain ways the spending tax. It is a five per cent tax on that part of a person's income in excess of \$12 a week. It is to be deducted at the source every month. In other words, the Victory tax, if finally passed, will be taken out of the worker's weekly or monthly pay check. This tax, it should be noted, does not in any way replace the income tax. Rather it is placed on top of the regular income tax.

One gets an idea of the coming tax burden by comparing a few rates now in effect by those contemplated by the Senate Finance Committee. At present, a single person earning \$1,000 a year pays \$21; the new tax will be \$92; on \$2,500 the tax will jump from \$165 to \$461; on \$5,000 from \$483 to \$1,215. For married persons, similarly sharp increases will be put into effect. The present tax on a \$2,500 income is \$90; under the Senate bill it will jump to \$288. On \$4,000 the increase will be from \$249 to \$686.

Pay-As-You-Go

Many people are convinced that, with taxes soaring to such dizzy heights, our entire method of tax collection should be overhauled. At present collections of the regular income tax do not start until three months after the end of the year in which the money was earned. Those who pay their taxes on the installment plan do not complete the payment until nearly a year after the money has been earned.

Today there are many people who have spent the money they earned last year and who cannot pay the tax

—men who have been drafted into the Army, for example. Others may earn a great deal one year and little the following year when they must make the payment on the large income. It would be a better plan, it is argued, to collect the tax as the money is earned; to put taxation on a pay-as-you-go basis. This was the main feature of the famous Rummler plan, debated by the Senate Finance Committee but rejected. Congress may still reconsider that proposal or a similar plan to put taxation on a pay-as-you-go basis in order to eliminate many of the hardships which now prevail.

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Answers to Quiz

1. Madagascar.
2. France.
3. (d) That the synthetic rubber program be cut out because it is too expensive and takes too long. (False).
4. The Women's Auxiliary Ferrying Squadron, our newest women's auxiliary to the armed forces. They will ferry planes inside this country.
5. He has been appointed high adviser to the Chinese cabinet.
6. Juan Antonio Rios, president of Chile.
7. It is believed to be a sign that Chile is very near the point of breaking relations with the Axis.
8. All are true.
9. Vargas—president of Brazil; Herriot—former president of the French Chamber of Deputies, who recently protested against Marshal Petain's handling of French affairs; Litvinoff—Soviet ambassador to the U. S.
10. Novorossiisk is one of the few remaining bases of the Soviet fleet in the Black Sea.
11. These islands belong to Ecuador, and are located about 950 miles southwest of the Panama Canal in the Pacific.
12. This would be a tax on a person's spending over and above certain exemptions.
13. The President told Congress he would take action himself on the problem of prices and inflation if Congress did not act by October 1.
14. Talmadge is the fiery governor of Georgia who has been defeated in his campaign for reelection.

Pronunciations

- Belem—beh-len'
- Dakar—dah-kahr'
- Edouard Herriot—eh-dwahr' ay'ryoe
- Mozambique—moe-zahm-beek'
- Rio de Janeiro—ree'oe day' zah-nay'roe
- Sao Paulo—soun' pou'loo—ou as in sound
- Getulio Vargas—zhay-too'lyoe vahr'gahs



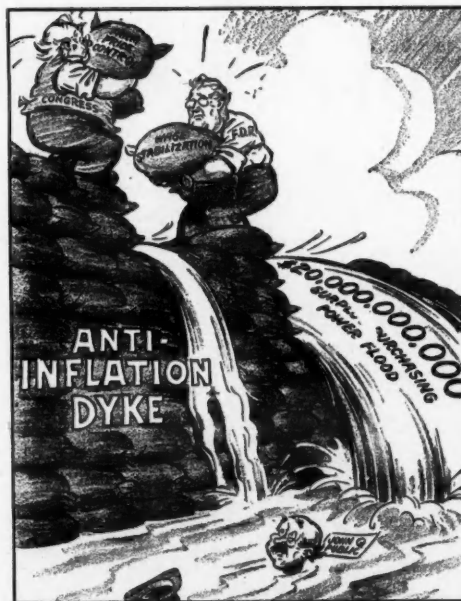
Congressional architecture
THOMAS IN DETROIT NEWS

500,000,000 to the tax bill of the nation, for whatever its final form, the measure is certain to increase the estimated revenue of the House bill. This is the minimum amount which the Treasury says must be raised in the interest of safety. Thus, when the Revenue Act of 1942 is finally made law, the American people will shoulder the greatest tax burden in their entire history—\$26,000,000,000 or \$27,000,000,000.

Even with this heavy burden of taxation, we shall be meeting only a fraction of the costs of the war by taxation. We shall be paying only about one-fourth of the costs this way. The remaining three-fourths must be paid by borrowing.

Broke on Inflation

But if the need of raising revenue is the principal purpose of the tax bill now being considered, it is by no means the only important purpose. Scarcely less important is the brake which taxation may put upon rising prices. With the American people earning more money than ever before in history and with fewer and fewer goods to buy with this money, there is a great danger that competition for the existing goods will force prices higher. The President explained this purpose in his Labor Day message to Congress:



Repairing one place
COAKLEY IN WASHINGTON POST